

Introduction: The Scope and Methods of the Study

For several decades, there has been considerable debate about the position of small states in the international trading system. Recognition of the challenges small states face in international trade negotiations and in reaping benefits from trade has spurred a range of initiatives on the part of national governments and the international community. Central among these have been a suite of capacity building projects for small states, including training, technical assistance, legal advice, institution building and the provision of research. Despite such efforts, there is an enduring concern that small states continue to face a series of constraints in their international trade relations.

If one accepts that the concerns expressed above are real, a possible response is to ask what has been wrong with capacity building for small states. There have been many evaluations of the effectiveness of trade-related capacity building. This report does not aim to repeat them. Instead, it asks two deeper questions:

- First, have we properly understood the constraints small states face and their underlying causes?
- Second, are the assumptions that drive existing capacity building and other efforts to support small states correct and, if not, how should they be revised?

In analysing small states, this study uses the countries identified by the Commonwealth Secretariat and World Bank (Box 1). It also draws on insights from other developing countries that have experienced highly asymmetrical trade negotiations (Annex 1). In trade negotiations, small states face the common challenge of securing the best possible outcome in a highly asymmetric context; valuable lessons can be learned from documenting and analysing these experiences. However, the high level of diversity among small states should be borne in mind, as the relevance of specific lessons drawn by this study may vary from country to country. For instance, the Cook Islands has a population of only 18,000 living on 15 widely dispersed islands spread over nearly 2 million square kilometres of Pacific Ocean, while Jamaica has a population of 2.8 million on a single island of 11,000 square kilometres.¹ Income levels vary widely too: Guinea-Bissau has a per capita GDP of only US\$180, while that of Barbados is US\$9,440.²

The study uses four sources of information and analysis. First, an extensive desk-based review was conducted. The research team surveyed the literature on the structural constraints facing small states in their trade relations, drawing out six dominant explanations for these. The team then reviewed the scholarly literature which more specifically addresses the constraints faced by small states in trade negotiations and also examined existing capacity building programmes to identify the underlying assumptions that motivate and inform activities aimed at assisting small states. The key findings from this

analysis were shared with a group of eminent trade negotiators who helped to identify additional areas of constraint neglected in donor assistance programmes and in the literature.

Box 1. Competing definitions of ‘small states’

There is no single, broadly-accepted definition of ‘small states’. The Commonwealth Secretariat defines them as ‘characterised by their vulnerability in the areas of defence and security, environmental disasters, limited human resources, and lack of economic resources’, but sees countries ‘lying along a continuum, with a number of larger states sharing some or all of the same characteristics’. The Secretariat nevertheless uses a threshold of 1.5 million people, a yardstick followed by the World Bank’s Small States Task Force. The World Bank also acknowledges that ‘no definition, whether it be population, geographical size or GDP, is likely to be fully satisfactory. In practice, there is a continuum, with states larger than whatever threshold is chosen sharing some or all of the characteristics of smaller countries.’

Source: Commonwealth Secretariat, www.thecommonwealth.org; World Bank, ‘Defining a Small Economy’, available at www.worldbank.org

The desk review revealed two important gaps in existing research. The first concerns how trade negotiators and officials from small states perceive and experience trade negotiations. The second concerns the political and institutional constraints that impede small states from attaining enhanced participation in trade negotiations. While the literature survey showed there is significant analysis of these constraints for developing countries in general, far less research has been carried out to see whether these apply equally in the particular context of small states and how their experiences may differ – either for better or worse. To address these gaps, new primary research was conducted over the three-month period from July to September 2008 in the form of a survey, a series of structured interviews and a small group of case studies. Importantly, the scope of this report is intentionally limited to the study of small states in trade negotiations specifically; the challenges small states face in trade dispute settlement are noted here as part of the structural context of international trade negotiations for small states, but are not systematically explored in any greater detail in the remainder of the study.

(a) Online survey

An electronic survey was created and invitations to complete the questionnaire online were sent by email to 374 people in 61 small developing countries who were identified as being directly or indirectly involved in trade negotiations. Survey recipients included regional representatives in West Africa, East Africa, Southern Africa, the Pacific and

the Caribbean. Only those individuals who were specifically invited to complete the online survey were given access to it.

The survey questions received a mean response rate of 22.4 per cent, with an average of 84 respondents answering each question. Where respondents only completed some questions, these have been included in the analysis. For this reason, the number of responses to each question varies. While the response rate is as high as could be expected, particularly given the busy schedules of negotiators from small states, the survey sample is not fully representative of the entire population or range of small states. For this reason, all findings should be treated with appropriate caution.

Not all respondents chose to identify the country or region they represent. However, from the answers given, the final survey covers 30 countries, with a slight bias towards Benin, Comoros, Cook Islands, Jamaica, Mauritius and Zambia, which had three or more respondents each compared with other countries, which had only one or two. A total of 31 respondents identified themselves as representing regional organisations.³ In the report, we have frequently used graphical representations to report the answers received, which can also be found in Annex 2. Where respondents were asked to rank a series of options, the sample size was often too small to conduct statistical significance tests for differences that emerged. Where differences were considered too small to be substantively meaningful, we have reported the finding but refrained from comparative inferences. Even where some such differences prove to be statistically insignificant, many of the results remain nevertheless valuable as rare, fresh indicators of the views of the people in question.

In terms of the composition of respondents, three-quarters were directly involved in international trade negotiations and one-quarter indirectly. In the majority of our survey analyses, all responses were considered. However, our analysis of negotiating tactics was restricted to responses from those directly involved in negotiations. Seventy-two per cent of respondents worked for governmental organisations either in the capital, at regional level or in a mission, while 28 per cent worked for private sector organisations and NGOs (Table 1).⁴ Government representatives were drawn mainly from capitals, although there was significant representation from regional negotiating bodies. The least represented groups were negotiators based in Geneva and Brussels.

Table 1. Who survey respondents represent

Type of organisation	%
Government in capital	48
Private sector or NGO	28
Regional organisation	19
Government mission in Brussels or Geneva	5

A complete summary of the survey results is presented in Annex 2.

(b) Interviews

A total of 38 semi-structured interviews were conducted with ambassadors and negotiators from small developing countries. The emphasis in the interviews was on negotiators in missions abroad to counter the survey bias towards capital- and region-based negotiators.

Brussels: Twenty interviews were conducted and interviewees represented 17 countries and three regional organisations. Coverage included West Africa, East Africa, Southern Africa and the Pacific and Caribbean regions.

Geneva: Six interviews were conducted with negotiators from small states in Central America, East Africa and Southern Africa.

Capitals: Twelve interviews were conducted over the phone with negotiators based in capitals. These included countries in East Africa, the Pacific region, West Africa and South Asia.

A further ten semi-structured interviews were conducted with 'experts' with a broad and seasoned view who either currently or previously worked for many years in an advisory capacity to small states in trade negotiations, including some who had previously served as government trade negotiators. In addition, we held a focus group discussion with twelve participants in Geneva, which included experienced trade advisers from developing countries and several small state officials and ambassadors. They were drawn from a variety of different intergovernmental organisations and NGOs, including the South Centre, the United Nations Development Programme (UNDP), the European Centre for Development Policy Management (ECDPM), the Advisory Centre for WTO Law (ACWL), the Commonwealth Secretariat, the IDEAS Centre and the Caribbean Regional Negotiating Machinery (CRNM).

See Annex 3 for the interview questionnaire and Annex 4 for a list of people interviewed and participants in the focus group discussion in Geneva.

(c) Case studies

Seven country case studies were conducted to explore the particular experiences of a selection of small developing countries in international trade negotiations (Box 2). The cases were selected on the basis of consultations with interviewees and the focus group discussion in Geneva to include participants *perceived* to have played a particularly active role in negotiations, including those perceived to have had a relatively high impact, as well as small states perceived to have had a relatively low engagement and impact. In addition, case studies were selected to provide variation in geographical coverage. Case studies were conducted of Barbados, Mauritius and St Lucia. Benin and Ghana, although not usually classified as 'small states', were also included as case studies on the recommendation of small state negotiators consulted in the course of the research (see Box 2 for an explanation of this choice). In each case, the research included visits of two to three weeks and interviews with 20–40 participants. Desk-based research was

also conducted on Papua New Guinea and Tonga, but resource constraints prevented field in-country research for these cases.

The case studies sought answers to two sets of core questions:

- What accounts for the country's degree of influence in trade negotiations? To what extent are the outcomes simply explained by the structure of international politics and the global economy, including factors such as the economic size of small states as well as the rules and procedures of trade negotiations? To what extent can they be explained by domestic political economy factors and the strengths or weaknesses of government institutions? To what extent can the outcomes be attributed to the actions of specific individuals or the role of specific ideas?
- In each of the above areas, what are the main constraints that the country faces? Which constraints persist? What are their underlying causes? Why has the country been unable to tackle these constraints?

(d) Outline of the report

The study includes the following sections. Chapter 2 presents an analysis of existing research. It summarises the six features of the global trading system which render small states particularly weak in their capacity to shape outcomes. It then provides a brief overview of the academic and policy literature that focuses on constraints facing developing countries in trade negotiations, drawing out existing findings on some of the key constraints faced by small states in negotiations and the factors considered most salient. Having thus reviewed the literature, the research set out to explore what could be added to the existing scholarship, with a particular emphasis on examining the perceptions and experiences of small state officials and negotiators in greater depth. The subsequent chapters report on these findings. Each begins with a summary of the key findings, followed by analysis of specific literature relating to each factor and a detailed reporting of the new primary material gathered in the survey, interviews and case studies.

Chapter 3 examines to what extent small states perceive weaknesses of government institutions as important, including constraints related to human resources, technical capacity, information, institutional co-ordination and accountability.

Chapter 4 explores perceptions of the constraints that arise in the domain of domestic political economy, including the nature of private sector and civil society engagement in the trade policy process.

Chapter 5 explores perceptions of constraints that arise in the negotiation process, including those related to the tactics employed by small states, the formation of coalitions and alliances, the accountability and incentives facing negotiators, psychological factors, leadership and the role of personality.

Chapter 6 assesses which of the constraints enumerated in the earlier sections are most severe for small states, highlighting what points and interpretations add new perspectives to the existing literature. The study concludes with a reflection on the implications of these findings for small states and those external actors offering assistance to them.

Box 2. Overview of case study countries and trade negotiations

Barbados has a high profile in WTO negotiations, where it currently chairs the small vulnerable economies (SVE) group. Similarly, it has a prominent profile in the Economic Partnership Agreement (EPA) negotiations. Its Minister has been a spokesperson for the African, Caribbean and Pacific (ACP) group and has also chaired various CARIFORUM regional negotiating committees. As the Caribbean Regional Negotiating Machinery (CRNM) is based in Barbados, the case study also provided an opportunity to explore the dynamics of negotiating as a regional group in the context of EPA negotiations.

Benin has been heavily engaged in cotton negotiations at the WTO, where it led the Cotton-4 coalition to demand an end to cotton subsidies by large players (most notably the USA). While Benin is not classified as a small or vulnerable economy, consultations with small state negotiators suggested that its experience negotiating on cotton in an instance of high asymmetry could provide valuable insights for small countries.

Ghana was selected after small state negotiators recommended the inclusion of a country that had received high levels of support from international donors for trade negotiations, but had not made a significant impact. While not classified as a small or vulnerable economy, it faces highly asymmetric negotiations and it was suggested that the lessons that emerged may be relevant to small states.

Mauritius has been actively involved in WTO negotiations, playing a high-profile role in the Africa Group and the SVE coalition. As chair of different groups, it is one of the few small countries to have had access to the 'green room' meetings at the WTO. In the EPA negotiations, Mauritius belongs to the East and Southern Africa grouping, where it is very engaged, particularly in the areas of services and fisheries. Mauritius is also a proactive player in South-South negotiations and has initiated bilateral deals with countries such as India.

Papua New Guinea was selected for study due to perceptions that it had taken a particularly striking position in recent EPA negotiations. Although Papua New Guinea is not considered to have a very significant presence in WTO negotiations, the country was noted for its decision to break away from its regional negotiating bloc to conclude a bilateral agreement with the European Union through which it secured significant concessions for its tuna exporters.

St Lucia was selected as a comparison case study as it no longer plays a particularly active role in trade negotiations. Unlike Barbados, it does not have a permanent representative at the WTO, so insights could be gained as to the particular constraints this posed.

Box 2 (continued)

Tonga acceded to the WTO in 2005. WTO accession has a reputation for being a particularly asymmetric one-sided process which often does not adequately take into account the specific circumstances countries face. Despite its status as a small state, only minimal special and differential treatment was granted and Tonga acceded to the WTO on less favourable terms than some much larger and more developed countries.

Source: See, for example, Evenett and Primo Braga (2005) on the challenges of WTO accession.